

# **FISCAL MEMORANDUM**

## **SB 703 - HB 1403**

April 12, 2007

**SUMMARY OF AMENDMENT (005684):** Deletes the language of the original bill. Authorizes the Alcoholic Beverage Commission (ABC) to issue licenses to cabarets and to cabaret entertainers for operation of such establishments. Authorizes ABC to license cabarets to sell alcohol and beer. Creates a Class C misdemeanor of knowingly working in an unlicensed cabaret.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – Net Impact – Not Significant

### **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Expenditures – \$130,000 One-Time/ABC**

**\$150,000 Recurring/ABC**

**Increase State Revenues – \$506,500/Cabaret Licensing Fund**

**\$223,500 One-Time/Cabaret Licensing Fund**

**Less than \$100,000 Recurring/General Fund**

**Decrease Local Govt. Expenditures- Net Impact- Less than \$100,000**

**Increase Local Govt. Revenues - Net Impact – Less than \$100,000**

**A more precise cost estimate is not possible because the Department of Revenue has not provided any information to assist in the preparation of this fiscal note.**

Assumptions applied to amendment:

- ABC estimates 47 establishments would be licensed as cabarets.
- ABC estimates 5,000 cabaret entertainers and it is assumed that 4,000 cabaret entertainers would obtain permits.
- ABC will charge \$500 for the one-time application fee and \$2,000 for a one-year license. Increase in state revenues of \$23,500 one-time and \$94,000 recurring.
- Cabaret entertainers must obtain permit from ABC. The application fee for the permit is \$50 for a one-time fee and \$100 for a two-year license. A temporary license is \$25 (500 x \$25 = \$12,500). Increase in state revenues of \$412,500 recurring and \$200,000 one-time.

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- A one-time increase in state expenditures of \$30,000 for computer programs and equipment for processing new licenses.
- ABC will require one administrative assistant and two inspector agents which will result in a recurring increase in state expenditures of \$150,000 for salary and benefits for three positions. A one-time increase of \$100,000 for vehicles, weapons, equipment, etc.
- Revenues collected will be put into the Cabaret Licensing Fund and will be used for administration and enforcement of the licenses.
- Decrease in local government expenditures estimated to be less than \$100,000 since the regulation of cabarets will be shifted to the ABC.
- Decrease to local government revenues of estimated to be less than \$100,000 since licensing fees will be shifted to the ABC.
- There will not be a sufficient additional number of Class C misdemeanors for local governments to experience any significant increase in revenues or expenses.
- Amendment does not include a set cost for liquor license fees and licenses will increase state revenues.
- Upon licensing, entity will be assessed state and local sales taxes on alcoholic beverage sales, 15% liquor-by-the-drink tax on each alcoholic beverage sold and any applicable county or city privilege tax. Increasing state revenues by less than \$100,000 and local government revenues by less than \$100,000.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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